

THE LEONARD LETTER

*A weekly electronic newsletter about
California government, business and taxes*

*Bill Leonard, Member
State Board of Equalization*

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QUOTE OF THE WEEK

“No Soldier shall, in time of peace be quartered in any house, without the consent of the Owner, nor in time of war, but in a manner to be prescribed by law.” --- The Bill of Rights, Third Amendment to the U.S. Constitution

UNDER THE DOME

*****California's Lawful SST Participation in Question*****

I commend BoE Chairman John Chiang's inquiry to the executive director of the national Streamlined Sales Tax Project Board of Governance in South Dakota. Turns out, California is not receiving its agendas in enough time to publicly discuss the agenda proposals in California. California's open meeting law properly requires that the public know about the issues before a government board makes a decision. The response from the national SSTP Board was "tough". They did not care that Californians would be uninformed about these tax issues and that our delegates would be unable to vote for California due to this lack of timely information. Chairman Chiang was right to pursue this knowing how important the California Open Meeting Law is. Another excellent reason to pull the plug on California's ill-advised participation in this fruitless project.

*****Budget Pop Quiz*****

Every year the Legislative Analyst's Office invites the Capitol press corps to take its budget quiz and offers a box of doughnuts to the reporter who gets the most correct answers. This year, no reporters even attempted to answer the questions. Perhaps that's because the LAO changed the prize from the traditional doughnuts to muffins and bagels. Or perhaps it's because even the reporters who cover the state cannot make heads nor tails of this stuff. Judge for yourself with the sample questions below. The answers are at the end of this issue.

1. The Department of Motor Vehicles (DMV) faces a statutory deadline of October 2006 to set up a new computer system so it can suspend the registration of vehicles when their owners fail to provide evidence to the state that they have

- auto insurance. Which of the following events has occurred during the development of this project?
- a) In February 2005, DMV proposed to contract out the new computer system to a vendor.
 - b) In May 2005, DMV proposed instead to hire staff to carry out the project.
 - c) In July 2005, DMV changed its mind and again proposed to hire a vendor.
 - d) All of the above occurred and the project is unlikely to be completed by the October 2006 deadline.
2. The School Land Bank Fund is expected to have a \$59 million balance at the end of 2006-07 that can be used to acquire property and earn lease revenues for the support of public education. How much has been spent for these activities in the last five years?
- a) Nothing.
 - b) \$12 million.
 - c) \$114 million.
 - d) \$256 million.
3. The budget proposed a new human resources initiative to assist state departments in coping with the expected retirement of up to 100,000 “baby boom” state employees during the next decade. The new initiative would be supported by a staff of how many state employees?
- a) 100.
 - b) 25.
 - c) 8.
 - d) 1.
4. The state has budgeted more than \$200 million to pay for emergency repairs at schools to address conditions that pose a threat to the health and safety of students or staff. Almost none of the money has been allocated to districts. What does the LAO identify as one of the reasons why?
- a) School districts are reluctant to spend money on repairs because it is uncertain if the state will reimburse them for after-the-fact work.
 - b) Schools already had sufficient unspent bond funds available for these projects.
 - c) Continued litigation over the school repair issue has held up release of the funds.
 - d) Because of recent statewide school facility investments, only a limited number of school district have outstanding emergency repair needs.

ISSUE FOCUS

Press Sloppiness

From the Bill Leonard Blog March 20, 2006

Misuse of words can damage understanding of a situation. The press coverage of Iraq is exhibit A this week. There is no “civil war” in Iraq. There are criminal gangs who are

terrorizing certain neighborhoods. Think about a true "civil war": the American Civil War. America's population in 1860 was 31 million people. The two sides raised armies of over three million men and suffered 600,000 casualties. Iraq has a population of 24 million and nowhere close to three million people are fighting each other. The casualties may have approached civil war levels over the past 20 years, but these were deaths in the war against Iran and, most importantly, deaths caused by Saddam's murderous regime. The truth is that in any society a very small percentage of the population engaged in criminal activity can disrupt much. The challenge for Iraqis and for Americans is to root out these gangs. This is very different than fighting a civil war.

*****Californians Finding Work Away from Cities*****

Over ten years ago I read an article about America's downtowns. The thesis was that downtowns were more suited for the way Americans lived in the 19th century than now. Cars, freeways, and improved communications make 20th century suburban life or 21st century "edge cities" more attractive. Clearly, downtowns are no longer serving as epicenters of commerce. But they are increasingly serving as places where people like to live, whether or not their jobs are located there. The latest issue of California Counts from the Public Policy Institute of California documents this trend. The data the author of Time to Work used is derived from questions asked for the 2000 Census. Among the findings:

From 1980 to 2000 jobs in California's metropolitan areas declined from 55 percent of the total to 47 percent.

Commutes with a suburban origin increased from 1990 to 2000, as did commutes with a suburban destination.

Driving alone to work provides the shortest average commute time - other modes, public transportation included, cannot compete.

There are lots more interesting tidbits in this report:

<http://www.ppic.org/main/publication.asp?i=660>

But the immediate public policy decision is that new and expanded freeways must be designed for a two way rush hour where traffic is as heavy in one direction as the other.

MISCELLANY

*****California County History*****

The third BOE District 2 county I will profile is Butte. Butte County is in the Central Valley, just north of Sacramento. Its population is over 200,000. It was created in 1850 and its name came from the Marysville or Sutter Buttes, which were in the county at the

time it was created. The word butte is derived from a French word meaning “a small hill or mound of earth detached from any mountain range.” For those who have never seen them, I found some terrific commercial photos of the buttes here:

<http://www.sacramentovalleyphotos.com/gallery/gallery.asp?type=region&value=sb&label=Sutter%20Buttes>

Butte County is home to the Feather and Sacramento Rivers. It is also the site of Feather Falls, the sixth largest waterfall in the United States. The movie “Gone with the Wind” was filmed in Butte County.

*****A Good Read*****

“The Patriot's History of the United States” by Larry Schweikart and Michael Allen is a great read. I learned new things about American history on almost every page. Their approach is to better understand America's success by looking at the actions of its people from leaders to everyday heroes. They start with the colonial era and the religious foundations of most of the communities. Then they weave through the evil affect of slavery and how each generation dealt with it. They end up with the war on terrorism and credit the American character with the will to never give up on freedom and the pursuit of peace. They also explore the spurts in growth of the federal government, its growing control over the lives of the people and the consequences of those actions. Their announced purpose is to let American history speak for itself, knowing that if the facts are fairly presented, the result will be a “deepened patriotism, a sense of awe at the obstacles overcome, the passion invested, the blood and tears spilled, and the nation that was built.” They have succeeded overwhelmingly.

*****Answers to the Budget Quiz*****

- 1) D
- 2) A
- 3) D
- 4) A

BOE AND LEGISLATIVE DATES

March 28-29, 2006 --- BOE meets in Sacramento.

April 6, 2006 --- Legislature begins spring recess upon adjournment.

April 16, 2006 --- Easter Sunday.

April 17, 2006 --- Legislature reconvenes from spring recess.

April 18, 2006 --- BOE meets in Sacramento.

April 28, 2006 --- First day to file petitions in-lieu of the filing fee for independent candidates for the general election.

May 8, 2006 --- Absentee ballots begin to drop for the June 2006 primary election.

May 17, 2006 --- BOE meets in Sacramento.

NOTABLE DATES/ HISTORY

March 27, 1513 --- Spanish explorer Juan Ponce de León sighted Florida.

March 27, 1856 --- The first meeting of the Republican National Committee in Washington, D.C. was held to oppose Democrats' pro-slavery policies.

March 27, 1912 --- The first Japanese cherry blossom trees were planted in Washington, D.C. The two Yoshino cherry trees were gifts from Japan.

March 28, 1979 --- A nuclear accident occurred at the Three Mile Island plant near Harrisburg, Pennsylvania. No worker or neighbor was killed or injured unlike coal mines but the incident halted America's expansion of clean nuclear power.

March 29, 1961 --- The 23rd Amendment was ratified, giving residents of Washington, D.C. the right to vote in presidential elections.

March 30, 1868 --- Republicans began the impeachment trial of Democrat President Andrew Johnson, who declared: "This is a country for white men, and by God, as long as I am President, it shall be a government of white men."

March 30, 1981 --- President Reagan was shot and wounded by John W Hinckley, Jr.

March 31, 1922 --- KFI-AM radio in Los Angeles began transmissions.

March 31, 1941 --- Ground was broken for the Union Square Garage in San Francisco.

March 31, 1990 --- Riots began in London over new poll tax laws.

April 1, 1789 --- The U.S. House of Representatives held its first full meeting in New York, NY.

April 1, 1850 --- San Francisco County government was established.

April 2, 1902 --- The first motion picture theater opened (Los Angeles, CA).

GENERAL TAX INFORMATION

For answers to your general tax questions, call the Board of Equalization information center. Customer service representatives are available to help you from 8:00 a.m. to 5:00 p.m. Pacific time, Monday through Friday (except state holidays).

Toll-free number: 800-400-7115
TDD service for the hearing impaired
TDD phones: 800-735-2929
Voice phones: 800-735-2922

To reach the Taxpayer Rights Advocate's office for assistance with any BOE issues, see <http://www.boe.ca.gov/tra/tra.htm>, or call toll-free 1-888-324-2798.

HOW TO CONTACT ME

Bill Leonard, Member
State Board of Equalization, Second District
Email: bill.leonard@boe.ca.gov

Northern California Office:

400 Capitol Mall, Suite 2340
Sacramento, CA 95814
Telephone: (916) 445-2181
Fax: (916) 327-4003

Southern California Office:
4295 E. Jurupa Ave., Ste. 204
Ontario, CA 91761-1428
Telephone: (909) 937-6106
Fax: (909) 937-7044